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CERTIFIED PUBLIC ACCOUNTANT SYLLABUS

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CERTIFIED PUBLIC ACCOUNTANT SYLLABUS

DEFINITIONS AND DISTINCTIONS

Accountancy is a profession, the members of which, by virtue of their general education and professional training, offer to the community their services in all matters having to do with the recording, verification and presentation of facts involving the acquisition, production, conservation and transfer of values.

The profession of accountancy received its first official recognition in the United States in 1896 through the enactment, by the Legislature of the State of New York, of the certified public accountant law. The law provides for the issuance of a certificate by the Regents of the University of the State of New York, conferring the right to use the title certified public accountant. A copy of the law, together with notes thereon and rules for the examination of persons applying for certificates is included herein.

The rules provide that an applicant for the certificate of certified public accountant must be a graduate of a registered high school or have an education equivalent to such graduation. The equivalents are fully stated in the rules.

The rules also provide, as a test of professional education, for examinations in law, theory of accounts, practical accounting, and auditing. For the information of candidates, the general scope of the branches of professional education, in which examinations are held, and their relation to each other, are stated herein.

Law, excluding criminal law, is a science defining the rights, limiting the powers and providing rules for adjudicating the differences of those engaged in the acquisition, production, conservation and transfer of values. Commerce furnishes the greatest opportunity for the exercise of its rules, although all transactions involving values are more or less under its influence and control. The science of the law, without attempting to trace its application in detail, extends from elementary principles, governing the acquisition and

disposition of property, to the creation and regulation of artificial persons, known as corporations. In many cases, it even prescribes the form of financial records and of the statements in which the results must be displayed; and, finally, in cases of inability to arrive at settlements by private negotiation, the courts adjudicate and decide all differences involved in money settlements. The science of law, as a subject of study, provides the foundation and states the broad general rules to which all financial transactions must conform.

Accounting is the part of accountancy that has to do specifically with the recording and presentation of financial facts. Thus, under this branch would fall the designing and installation of a system for recording the financial facts of an enterprise, and the preparation of all statements necessary to set forth the facts for the guidance of the proprietors and others. Accounting has a theory, or body of underlying principles, and a practice.

Theory of accounts, as a subject of study, includes the principles of accounting, from simple bookkeeping to intricate accounting procedures necessary in modern financial and industrial organizations.

Practical accounting, as a subject of study, includes the application of the theory of accounting. Without such application the study of theory of accounts would afford but little more than an interesting diversion. The results for which accounting has been developed are obtained only in accounting records, procedures and statements that depend upon the theory of accounts.

Auditing, the final branch, as a subject of study, includes the principles and practice involved in the verification of accounting records.

SUBJECTS OF STUDY

The outlines hereinafter given cover, generally, the scope of the work upon which the candidates will be tested. In the preparation of the examination papers, a professional training extending over a period of time similar to that required in the other professions, will be assumed.

LAW

The examination in law should demonstrate that the applicant has received training in the science, thus enabling him to reason from the law's viewpoint, with particular reference to those subdivisions thereof which state the principles of the law that govern business relations. The historical side of the law, criminal law,

and the technicalities of jurisdiction and procedure will be touched upon only incidentally. Briefly, the examinations will be upon the following subjects:

Law, divisions of; domestic relations; property, divisions of, estates therein, liens thereon; trusts and their purposes; methods of acquiring title to property by descent; rule of descent; distribution of personalty, by marriage, by occupancy, by devise, by deed.

Contracts, including special contracts, such as guaranty, indemnity and suretyship, warranty, of sale, arbitration and award; insurance, fire, life and marine.

Agency, including special kinds of agents.

Bailments, including common carriers.

Partnership, joint stock association, limited partnership.

Corporations, creation of, merging of, consolidations, reorganizations; receivers, dissolution.

Bankruptcy, assignments; insolvency.

Public service commissions law; interstate commerce act.

Negotiable instruments law; interest and usury.

THEORY OF ACCOUNTS

In the branch of study known as theory of accounts are included all accounting principles. For the purpose of study and examination, the subject may be considered in three divisions, viz:

Elementary theory. Under this division of the subject are grouped the principles underlying all bookkeeping expedients for recording and stating financial transactions. The division covers the principles of accounting in so far as they relate to double entry and other methods of recording business transactions, the opening of books, chronological records, and the preparation of accounting statements. In constructive accounting, the work extends from the basic records of journal and ledger to the designing of such columnar books of original entry as the cashbook, purchase book, sales book, bills receivable book, bills payable book and voucher register, and the development of the ledger in form, ruling, classification and division, to meet the needs of large enterprises.

The special expedients that are essentially of a bookkeeping nature, such as controlling accounts, consignment accounts, private ledger, petty cash system, etc., are included in this division.

The division will also include the arithmetical processes necessary to carry into effect ordinary bookkeeping operations, such as the calculation of equated date of payment, the averaging of accounts, the calculation of discount and interest, etc.

A familiarity with the forms of business organization known as sole proprietorship and partnership will be expected, including such special bookkeeping records as are necessary properly to state all capital and profit and loss transactions.

Advanced theory. Under this division of the subject are included the principles involved in the recording and stating of accounting facts, other than those stated in the foregoing division, necessary in the corporate form of business organization.

Thus, the division includes the theory involved in the opening of corporation records; the issue and treatment of capital stock of various classes and preferences; the treatment of reserves and funds, including sinking funds; the treatment of evidences of indebtedness secured by liens, dividends, syndicate operations; the retirement of stock and bond issues; the dissolution of corporations; and, in general, all the principles that underlie the higher and more intricate branches of accounting.

This division will also include the advanced phases of accounting required in sole proprietorships and partnerships that may not properly be included in the division of elementary theory.

SPECIAL THEORY

This division is intended to include the application of the elementary and advanced principles of the foregoing classifications to special classes of accounting, and is inclusive of all subjects other than those before stated. As an indication of the scope of the division, although not limiting the subjects, the following are mentioned:

Cost accounting. A thorough knowledge of the principles underlying cost accounts will be expected, including organization, determination of costs of departments and by units of product, and the treatment of overhead or burden in the various manners required to meet conditions. It is not necessary for the candidate to be an experienced cost accountant, capable of installing systems, but he will be expected to have a thorough understanding of the principles underlying such systems.

Public service accounting. It is expected that the candidate will be familiar with the development of accounting to meet the needs of common carrier, gas, electric light and water companies, and the requirements of the interstate commerce act and the public service commissions law.

Municipal and government accounting. It is expected that the candidate will be familiar with the methods of municipal and

government accounting, and that he will be able to state the underlying theory thereof, and show its differentiation from commercial accounting.

Insurance accounting. Under this head will be included questions upon the accounts of insurance companies, including life, fire, accident and marine insurance, particularly as affected by the laws of the State of New York.

Accounting of executors, administrators and trustees. Under this division will be included the theory involved in the accounts of executors, administrators and trustees and, in general, the accounts of those who act in a fiduciary or representative capacity.

Miscellaneous. The accounts of friendly societies, telephone companies, and other special subjects, will be included from time to time as conditions require.

PRACTICAL ACCOUNTING

Under this subject of professional study will be considered the application of principles to states of fact given in the form of propositions.

In a general way it will include, in all forms of business organization, the opening of books of account, the construction, installation and operation of accounting records, the closing of accounting records for the determination of profit and loss, or income, the financial condition, and the preparation, in correct technical form, of all statements and documents for the presentation of accounting facts.

Incidental to the foregoing, familiarity will be expected with all arithmetical and accounting expedients necessary to give effect to the subjects of accounting.

AUDITING

The accounting record is made, presumably, in accordance with the rules of law and with the theory and practice of accounting, with no omissions of essential facts and without fraud. The verification that is necessary to establish the foregoing condition in respect to the accounts of any individual, partnership or corporation, is known as auditing.

Auditing, as a subject of study, includes the principles and practice necessary to guard against error, intentional or unintentional and fraud. A knowledge of the office procedures that are

necessary to the economical handling of the work and of methods of presenting results in reports and certificates is necessary. The subject may conveniently be divided into three parts, viz:

Principles. This division of the subject includes the rules that should govern the accountant in establishing the accuracy of the accounting record. The means to be employed in the different classes of audits, the points to which particular attention should be directed, the scope of the verification, and the consideration of ways and means to detect and guard against fraud, properly fall under this division. More particularly, it includes the steps necessary to substantiate the original accounting record, the determination that the ledger or ledgers, and the statements prepared therefrom, correctly set forth the results of the accounting record as disclosed in the books of original entry.

The scope should extend from a detailed audit, involving the substantiation of every accounting record to the special investigations or examinations that have to do with a particular phase of an accounting record, and the scope presupposes a familiarity with all methods of business organization.

The student should familiarize himself with the expedients that are most commonly used in the commission of fraud and the methods that are necessary for its detection and prevention.

In general, this division should include all that is essential in the establishment of the accuracy of accounting records, with the exception of the working practice and the presentation of results.

Practice — office procedures. The successful conduct of audits, examinations, and investigations renders necessary, in addition to the matters covered in the foregoing classification, a knowledge of the accountancy office methods essential for the economical conduct of the work. Included in this may be mentioned the working papers that are prepared by the accountant in the course of an audit, and which form the basis of his report. These papers should be rich in detail, and when filed provide the material for fuller detail upon any phase of the audit if it should be called for, and serve as a basis for future work in auditing or accounting in the same undertaking. The rules that should govern the conduct of junior and senior accountants, their assignments in work, and the general plan that should be followed in typical audits and examinations, are matters with which the candidate should, to a considerable extent, be familiar, and with a given state of facts he should be able to state a satisfactory mode of working procedure.

Under this division of the subject is included a consideration of the forms, statements, and procedures that are necessary to obtain the results of the audit. For example, the use of analysis sheets and papers, the methods of analysis of various accounts, the construction of controlling accounts, and the other expedients necessary in the actual practice of auditing, will be included.

Practice — reports and statistics. The practice that has been outlined in the foregoing classification has to do with the accountant's own staff and office, and does not include the practice that is necessary to bring the results to the attention of clients and others for whom the information may be prepared. The presentation of facts disclosed in audits, examinations and investigations may include detail extending from a mere certificate to a voluminous report, and the value thereof will depend to a considerable extent upon the proper presentation of such detail.

Therefore, the candidate will be expected to be familiar with the principles of presentation, and with the construction of statements and the uses of statistics. He will be expected to be able to use the principles of presentation in certificates, statements, and reports.

It is not intended to limit this division of the subject to auditing proper, but there may be included the principles and practice involved in the presentation of all accounting facts.

CERTIFIED PUBLIC ACCOUNTANTS

General Business Law, chapter 20 of the consolidated laws. Became a law February 17, 1909

ARTICLE 8 PUBLIC ACCOUNTANTS

§ 80 **Certified public accountants.** Any citizen of the United States, or person who has duly declared his intention of becoming such citizen, residing or having a place for the regular transaction of business in the State, being over the age of 21 years and of good moral character, and who shall have received from the Regents of the University a certificate of his qualifications to practise as a public expert accountant as hereinafter provided, shall be styled and known as a certified public accountant; and no other person shall assume such title, or use the abbreviation C. P. A. or any other words, letters or figures, to indicate that the person using the same is such certified public accountant.

§ 81 **The Regents to make rules.** The Regents of the University shall make rules for the examination of persons applying for certificates under this article, and may appoint a board of three examiners for the purpose, which board shall be composed of certified public accountants. The Regents shall charge for examination and certificate such fee as may be necessary to meet the actual expenses of such examinations, and they shall report, annually, their receipts and expenses under the provisions of this article to the State Comptroller, and pay the balance of receipts over expenditures to the State Treasurer. The Regents may revoke any such certificate for sufficient cause after written notice to the holder thereof and a hearing thereon.

§ 82 **Misdemeanor.** Any violation of this article shall be a misdemeanor.

NOTES ON THE LAW

Certificates. The use of the abbreviation C. P. A. or any other words, letters or figures to indicate that the person using the same is a certified public accountant is prohibited except to those holding Regents certificates.

The C. P. A. certificate is granted only to an applicant at least 25 years of age who has had three years satisfactory experience in the practice of accounting, one of which shall have been in the office of an expert public accountant.

Certificates will be revoked for cause.

Preliminary requirements. The Regents 60 count qualifying certificate is required for admission to the C. P. A. examinations (*see* Handbook 23).

Professional requirements. A candidate for the C. P. A. certificate must be more than 21 years of age and of good moral character. He must pay a fee of $25 and must take all four subjects at a single examination.

On March 31, 1910, the Regents amended their revised rules by the adoption of

§ 365 **English essential for qualifying certificates.** Hereafter all applicants for qualifying certificates upon equivalents from foreign countries other than those in which English is the language of the people, all or any part of which equivalent certificates are earned or issued in said foreign countries, shall pass the Regents examination in second year English.

Examinations. The three examiners are appointed to serve for one year. Since 1897 the board has been composed of certified public accountants.

Two examinations are held annually in January or February and June respectively. There are five sessions of three hours each: (1) theory of accounts, 3 hours; (2–3) practical accounting, 6 hours; (4) auditing, 3 hours; (5) commercial law, 3 hours.

Applications should be made at least 10 days in advance to the New York State Education Department, Albany, N. Y.

Dates

1911	1912
Jan. 31-Feb. 2	Jan. 30-Feb. 1
June 27-29	June 25-27

1913	1914	1915
Jan. 28-30	Jan. 27-29	Jan. 26-28
June 24-26	June 23-25	June 29-July 1

Places

New York, Albany, Syracuse, Buffalo.

Each candidate is notified as to the exact place.

Daily program

	Morning 9.15	*Afternoon* 1.15
Tues.	Theory of accounts	Practical accounting (pt 1)
Wed.	Practical accounting (pt 2)	Auditing
Thurs.	Commercial law	

BIBLIOGRAPHY

LAW

Foundations and definitions

Black. Law Dictionary
Bouvier. Law Dictionary
Broom. Legal Maxims
Fishback. Manual of Elementary Law
Robinson. Elementary Law

Real property

Heydecker. Mechanics' Lien Law for the State of New York
Jones. Law of Mortgages
Martindale. Law of Conveyancing
Taylor. Landlord and Tenant
Tiedeman. Real Property
Warvelle. Vendor and Purchaser of Real Property
Wood. Law of Landlord and Tenant

Disposition of estates of persons deceased

Carter. Transfer Tax Law
Fallows. Collateral Inheritance Transfer Tax Law
Jessup. Surrogate Practice
McClellan. Surrogate Law and Practice

Contracts

Anson.	Law of Contracts
Beach.	Modern Law of Contracts
Bishop.	Law of Contracts
Brown.	The Statute of Frauds
Lawson.	The Principles of the American Law of Contracts
Parsons.	Law of Contracts
Wood.	Limitations of Actions

Agency

Mechem.	Law of Agency
Story.	Law of Agency

Sales of personal property

Benjamin.	Principles of Sales
Jones.	Law of Mortgages on Personal Property

Guaranty and suretyship

Baylies.	Sureties and Guarantors

Insurance

Biddle.	Law of Insurance
Cooke.	Life of Insurance
Parsons.	Law of Marine Insurance
Richards.	Law of Insurance
Wood.	Law of Fire Insurance

Shipping

Parsons.	Maritime Law, including the Law of Shipping

Patent, copyright, trade-mark

Browne.	Law of Trademarks and supplement
Knight.	Patent Office Manual

Bailments

Elliott.	Law of Railroads
Jones.	Law of Pledges
Lawson.	Law of Bailments

Partnership

Bates.	Law of Limited Partnership
Mechem.	Elements of Partnership
Parsons.	Law of Partnership

Corporations

Beach.	Public Corporations
Taylor.	Law of Private Corporations

Bankruptcy

Collier.	Law of Bankruptcy

Public service commissions law and interstate commerce act

Ivins & Mason.	The Control of Public Utilities

Negotiable instruments

Bigelow.	Bills, Notes and Checks
Daniel.	Negotiable Instruments
Selover.	Negotiable Instruments Law

ACCOUNTING

Accountancy	Pixley
Accountants' Compendium	Dawson
Accountants' Library (51 volumes)	Gee & Co.
Accountant's Manual	Gee & Co.
Accounting Practice	Day
Accounting Problems	Greendlinger
Accounting in Theory and Practice	Lisle
Accounts, their Construction and Interpretation	Cole
Accounts of Executors and Testamentary Trustees	Hardcastle
Advanced Accounting	Dicksee
American Accountants' Manual	Broaker & Chapman
Anatomy of a Railroad Report	Woodlock
Auditing	Dicksee
Auditing (American edition)	Dicksee
Auditing	Moull
Auditors, their Duties and Responsibilities	Pixley
Bookkeeping for Accountant Students	Dicksee
Business Education and Accountancy	Haskins
Classification of Expenditures for Additions and Betterment	Interstate Commerce Commission
Corporate Finance and Accounting	Bentley
Corporation Accounting and Law	Rahill
Depreciation of Factories	Matheson
Depreciation, Reserve and Reserve Funds	Dicksee
Elementary Bookkeeping in Theory and Practice	Lisle
Encyclopedia of Accounting	Lisle
Expense Burden	Church
Factory Accounts	Garcke & Fells
Factory Organization and Costs	Nicholson
Financing an Enterprise	Cooper
Funds and their Uses	Cleveland
Goodwill and its Treatment in Accounts	Dicksee
History of Modern Banks of Issue	Conant
Joint Stock Company Bookkeeping	Johnson
Journal of Accountancy	Accountancy Publishing Co.
Lectures on the Theory and Practice of Accounting	Pace
Manufacturers' Accounts	Eddis & Tindall
Modern Accounting	Hatfield
Modern Banking Methods	Barrett
Modern Business Corporations	Wood
Newspaper Accounts	Norton
Partnership Accounts	Child
Practical Accounting	Wolff
Practical Auditing	Renn
Practical Cost Accounting	Wood
Quasi-Public Corporation Accounting and Management	Mulhall
Railroad Administration	Morris
Railroad Transportation	Johnson
Test Book of the Accountancy of Investment	Sprague
Textile Manufacturers' Bookkeeping for Counting-house, Mill and Warehouse	Norton
The Accountants' and Bookkeepers' Vade Mecum	Whatley

The Modern Bank	Fiske
The Modern Trust Company	Sterrett
The Nature of Capital and Income	Fisher
The Philosophy of Accounts	Sprague
Theory of Accounts	Hyans
Trusts, Pools and Corporations	Ripley
Uniform System of Accounts for Gas Corporations	Public Service Commission of New York
Uniform System of Accounts for Electrical Corporations	
Uniform System of Accounts of Street and Electric Railways	

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